



INVESTING IN LESOTHO: A KINGDOM OF OPPORTUNITIES

Lesotho at a Glance¹:

Size:	30,335 km ²
Population:	1.9 million
GDP (PPP):	\$3.945 billion
Real Growth:	4.3%
Per Capita GDP:	\$2, 000
Workforce:	894,500
Literacy Rate:	84.8%

Investment Opportunities:

- Textiles – SADC Market Focus
- Energy – Hydropower and Wind Power
- Tourism – Linking with Regional Travel
- Recycling – Wastewater and Hazardous Waste Disposal
- Service Sector – Call Centre and innovation hub potential
- Packaging Material – Retail and Commercial
- Construction – Commercial and Residential; abundant supply of Sandstone
- Light engineering – Electronics and Automotive components

Lesotho's Apparel Industry: An AGOA Success Story:

Under the African Growth and Opportunity Act (AGOA), Lesotho is the largest exporter of textiles in value terms. Lesotho has exported \$310 million in apparel to the United States in 2012. The denim factory, a \$100 million investment, is now exporting fabric to Nicaragua, Bangladesh, Hong Kong, Sri Lanka, Jordan, Kenya, Egypt, Madagascar, and Mauritius. Each year, Lesotho produces 1.3 million yards of denim made from African cotton. 40 factories specialize in both woven and knit garment.

Competitive Advantages

Lesotho offers:

- A stable and productive labor force
- A favorable investment climate
- High literacy rate
- An English-speaking population
- Established textile sector with vertical integration opportunities
- Existing clean sources of energy
- Qualified for \$362m in project finance from U.S. Government
- **Proximity to the South African market**

The Government of Lesotho also offers **incentives for manufacturing**, including:

- 0% corporate tax on profits earned by manufacturing companies exporting outside SACU and at 10% within SACU
- No withholding tax on dividends distributed by manufacturing firms to local or foreign shareholders
- Unimpeded access to foreign exchange
- Training costs are allowable at 125% for tax purposes
- Import VAT credit facility that provides for an input tax credit upon importation and local purchasing of raw materials and capital goods
- Bank administered foreign currency accounts are permissible

Export Destinations:

Of the \$889 million in goods and services exported in 2012, 40% went to the SACU countries, 29.3% to the United States, 28.7% to the European Union, and 2% to the rest of the world.

1. Source: CIA World Factbook, updated 2/23/2012